

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1791 - SB 1718

March 19, 2011

SUMMARY OF BILL: Requires cities in which a special school district is located and whose boundaries are conterminous with the city's boundaries to maintain city funding for regular K-12 education in accordance with the BEP maintenance of effort (MOE) law. Prohibits these cities from supplanting their portion of funding for regular K-12 education with state BEP money. Requires an automatic increase in MOE if there is an increase in the number of students in the school district or if inflation occurs.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures - \$7,118,800*

Assumptions:

- The Memphis City school district will be the only district impacted by the provisions of the bill.
- Currently, the government price deflator is incorporated into the overall BEP formula but is not used to determine individual local education agency (LEA) required match rate for their MOE.
- The GPD is issued by the University of Tennessee's Center for Business and Economic Research and is currently 1.68 percent.
- According to the Department of Education, the local portion of the BEP provided by the Memphis City school district is \$423,739,100. Using the GPD inflation rate of 1.68 percent, local expenditures will increase by \$7,118,817 ($\$423,739,100 \times 1.68\%$).
- The MOE for other LEAs will remain unchanged.

**Article II, Section 24 of the Tennessee Constitution provides that: No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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